



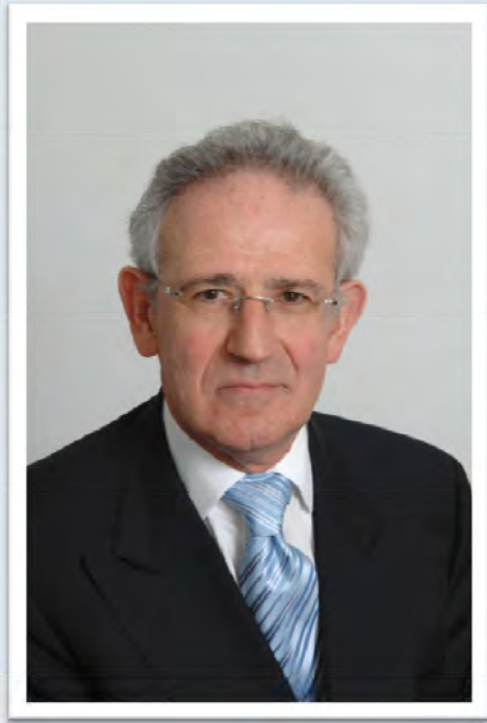
# RHIC Investment Den 2010



*Partnership for Success*



## RHIC Investment Den - HOST



### Michael Cooper

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*VP Strategic Development Russia & CIS*

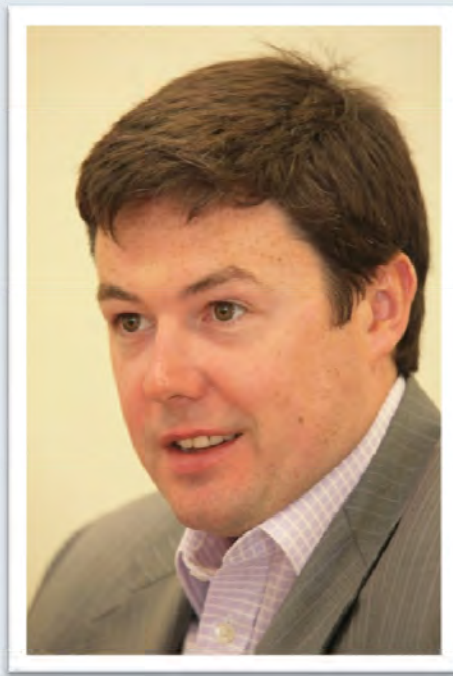
IHG



*Partnership for Success*



## RHIC Investment Den - JUDGE



### James Corrigan

---

*Head of Real Estate, Global Banking*

VTB Capital



*Partnership for Success*



## RHIC Investment Den - JUDGE



### David Geovanis

---

*Managing Director*

London & Regional Properties LLC



*Partnership for Success*



## RHIC Investment Den - JUDGE



### **Andrey Yakunin**

---

*Partner and Chief Financial Officer*

Venture Investments and Yield Management





## RHIC Investment Den - PROJECT



### Lakeside Resort in Armenia



**Armen Vartanian**

---

*Principal*

Lakeside Resorts



*Partnership for Success*



# Resort Investment Project



## Lakeside Resorts in Armenia

**RHIC Dragons Den October 2010**



*Partnership for Success*



# Armenia: At a Glance



- **Located in South Caucasus. Considered the southeastern edge of Europe, and the gateway to the Middle East, and all of Asia**
- **Yerevan, the modern capital of Armenia, was founded in 782 BC**
- **Armenia is home to over 3 million Armenians, while around 7 million Armenians live in Diaspora all over the world**
- **In 301, Armenia became the first country in the world to adopt Christianity as its official state religion**
- **Extremely rich with religious and cultural heritage i.e. hundreds of centuries and millennium old churches and monasteries**







# Armenia in the Region



Four season climate,

High quality & inexpensive labor,

Price competitive,

Clean environment,

High level of health & hygiene, safety & security



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# Tourism & the economy of RA



- **Growth of inbound tourism for 28% annually for the last 10 years**
- **Rapid economic growth for last 14 years, many of which with double digit GDP growth**
- **Emerging middle class expenditures on leisure pushed local demand for tourism at 27% annually in average for last 6-7 years**
- **Tourism as one of three key competitive national clusters to be developed**





# The Resort Project: At a Glance



- **1st “Las Vegas” style integrated resort complex in Armenia/region, featuring in its initial phase 600 hotel rooms and suites, 1,640 gaming positions, and a host of related food, beverage and all-season entertainment amenities**
- **Located in city of Yeghvard, 16 kilometers north of the capital city of Yerevan, on the shores of a future 1000 hectares reservoir**
- **Breathtaking views of mountains Ararat, Aragats and Armenian Dance and Arai**





# Resort Position



**16 kilometers north  
of capital city  
Yerevan**

**4-5 kilometers of  
main north-west &  
north-east  
Highways**

**20 minutes from a  
new international  
airport**





# Casino Market Layout



Revised gaming bill for RA is up to be adopted by parliament of RA, increasing competitive advantages of Lakeside Resorts in the country effective 2013





# Financial Forecasts by The Innovation Group



- **Projected stabilized revenue exceeding US\$270 million**
- **EBITDA exceeding US\$150 million**
- **Capital budget in the \$425m - \$475m range**
- **26% -28% cash on cash return**
- **semi-monopolistic operating environment for the resort's casino amenity in the region.**
- **Favorable business climate and tax structure in RA,**
- **immediate recognition in the region and globally**





# Financial Forecasts by The Innovation Group



- **Total investment - \$450 million**
  - phase 1 - \$225 million,
  - phase 2 - \$225 million by share issue
- **Equity/Debt Ratio - 30%/70%**
- **Invested To Date: \$1.5 million**  
Site is owned free-clear, project is endorsed & supported by the government of RA, a recognized international leisure brand is involved
- **IRR (unlevered free cash flow): 36%**
- **Long-term worth: \$ 1.1 Billion (Based on 10% CAP Rate)**
- **Investment needed: \$5 - \$75 million**





# Management Team



## **Armen Vartanian**

*Principal  
Lakeside Resorts*

**Over 20 years of real estate and  
business development experience**

### **Contact Details:**

**Tel. + 1 818 427-9423 USA**

**+ 374 94 420-100 RA**

**E-mail: [armenv@newarmeniaresort.com](mailto:armenv@newarmeniaresort.com)**



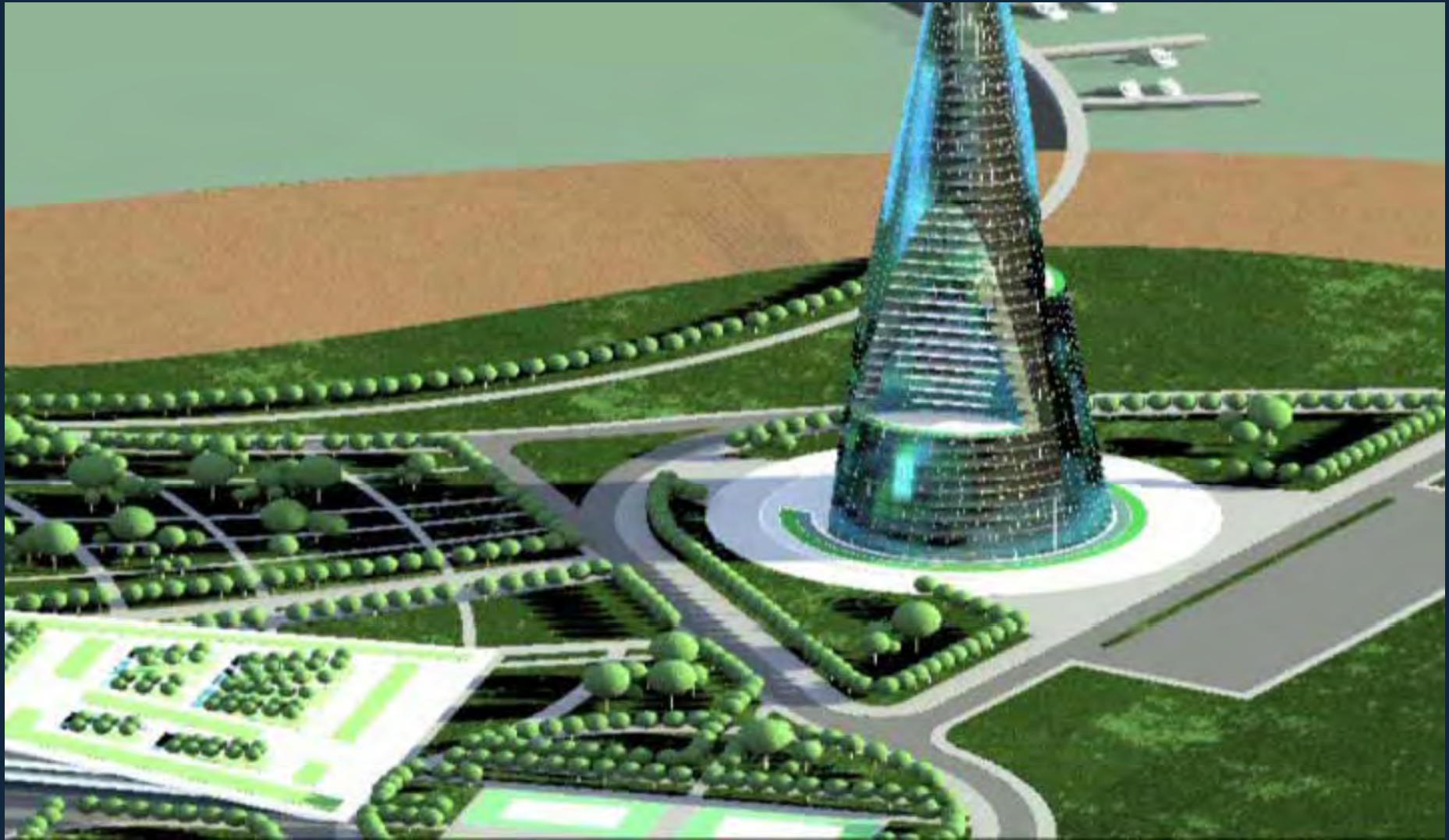
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# Lakeside resorts in Armenia

## Thank you



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## RHIC Investment Den - PROJECT



A 2 and 3 star hotel complex with office and street retail -  
Metro Avtozavodskaya, Moscow



**Mete Doguoglu**

---

*Managing Director*

RDN





## RDN – ACCOR

2 and 3 Star hotel complex with office and street retail  
Metro Avtozavodskaya, Moscow



### Features:

- 300 Keys ETAP
- 216 Keys IBIS
- Street Retail 2000 sq. m.
- Offices 3000 sq. m.
- Public service offices 4000 sq. m.
- 165 Enclosed Parking
- 32000 sq. m. Gross Building Area
- Located: 500 m to 3<sup>rd</sup> Ring Road / 4 km to Garden Ring / 1 Stop to Pavaletskaya Train Station





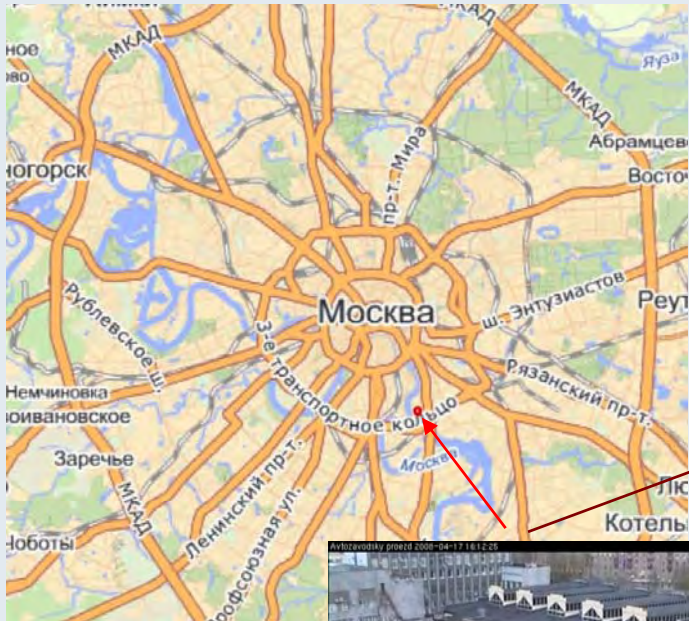
# RDN – ACCOR

## 2 and 3 Star hotel complex with office and street retail

### Metro Avtozavodskaya, Moscow



### The Location



Partnership for Success



# RDN – ACCOR

2 and 3 Star hotel complex with office and street retail

Metro Avtozavodskaya, Moscow



## The Location



Partnership for Success



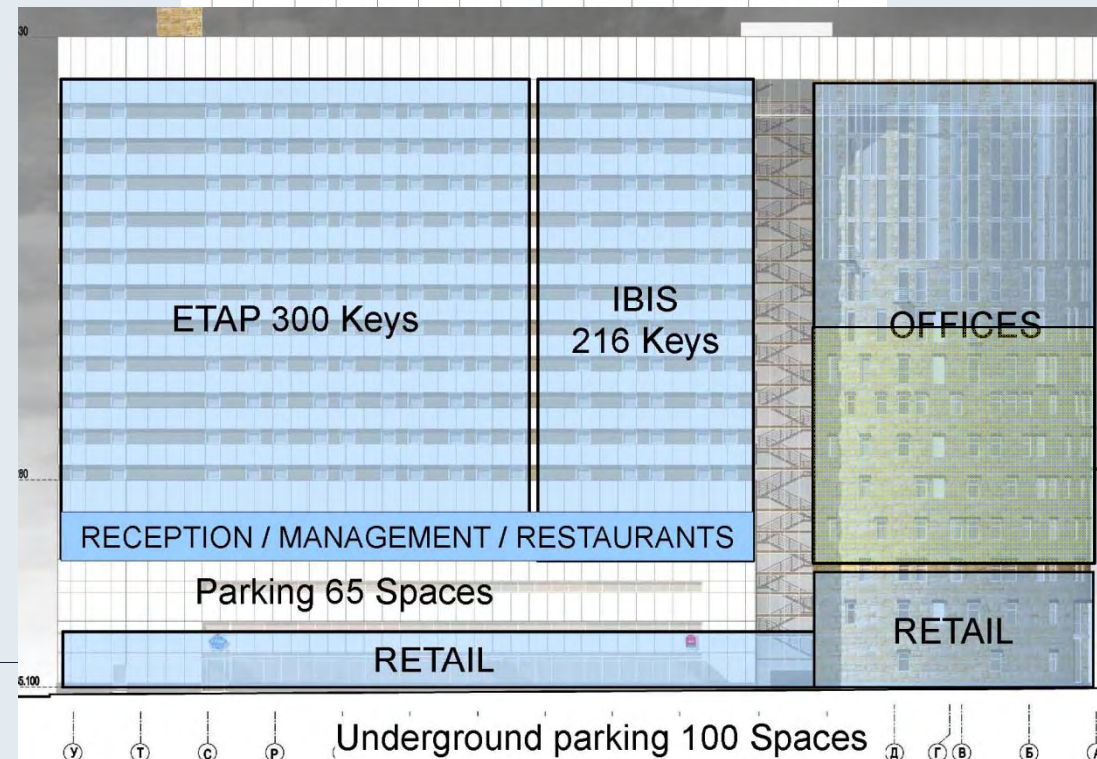
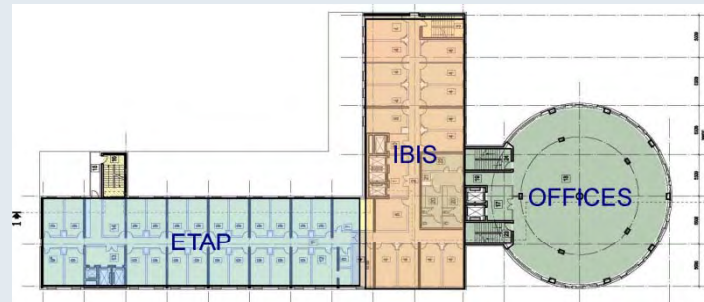
## RDN – ACCOR

2 and 3 Star hotel complex with office and street retail  
Metro Avtozavodskaya, Moscow



### Features:

- 300 keys ETAP
- 216 keys IBIS
- 3000 m2 Offices
- 2000 m2 Retail
- 165 Encl. Parking
- 4000 m2 Offices for Public Service



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## RDN – ACCOR

2 and 3 Star hotel complex with office and street retail  
Metro Avtozavodskaya, Moscow



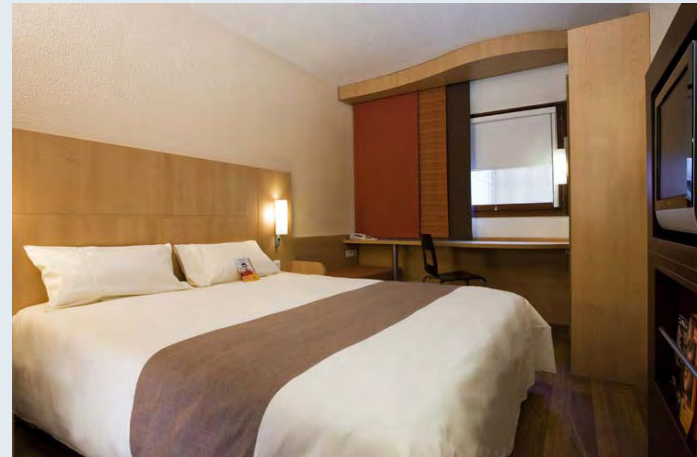
### Features:

- The first IBIS achieved in less than one year more than 80% occupancy
- The ADR is more than €100
- IBIS + ETAP, small rooms but high comfort standards
- IBIS < 38 m<sup>2</sup> GBA per key ; ETAP < 25 m<sup>2</sup> GBA per key
- Value for money: IBIS €100 ADR – ETAP €60 ADR

ETAP



IBIS





## RDN – ACCOR

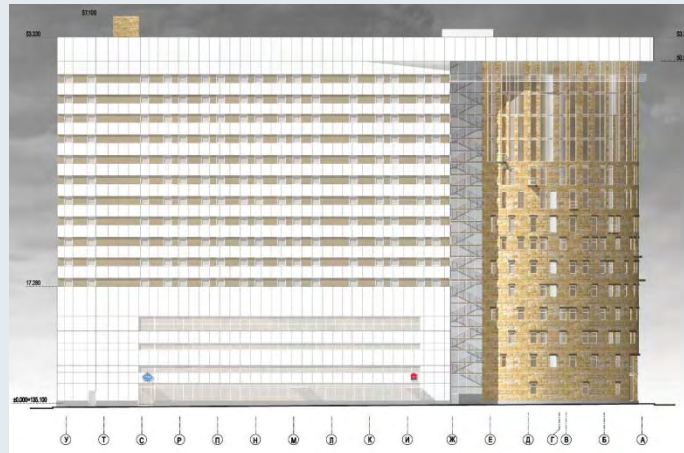
2 and 3 Star hotel complex with office and street retail  
Metro Avtozavodskaya, Moscow



### Features:

- The first IBIS achieved in less than one year more than 80% occupancy
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- IBIS < 38 m<sup>2</sup> GBA per key ; ETAP < 25 m<sup>2</sup> GBA per key
- Value for money: IBIS €100 ADR – ETAP €60 ADR

West Elevation



North Elevation



*Partnership for Success*





## RDN – ACCOR

2 and 3 Star hotel complex with office and street retail  
Metro Avtozavodskaya, Moscow



### Features:

- The first IBIS achieved in less than one year more than 80% occupancy
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RDN – ACCOR

2 and 3 Star hotel complex with office and street retail  
Metro Avtozavodskaya, Moscow



**The value of the investment to date is US\$25 millions including**

- Building & soft costs
- Utility connection costs
- Land use acquisition costs

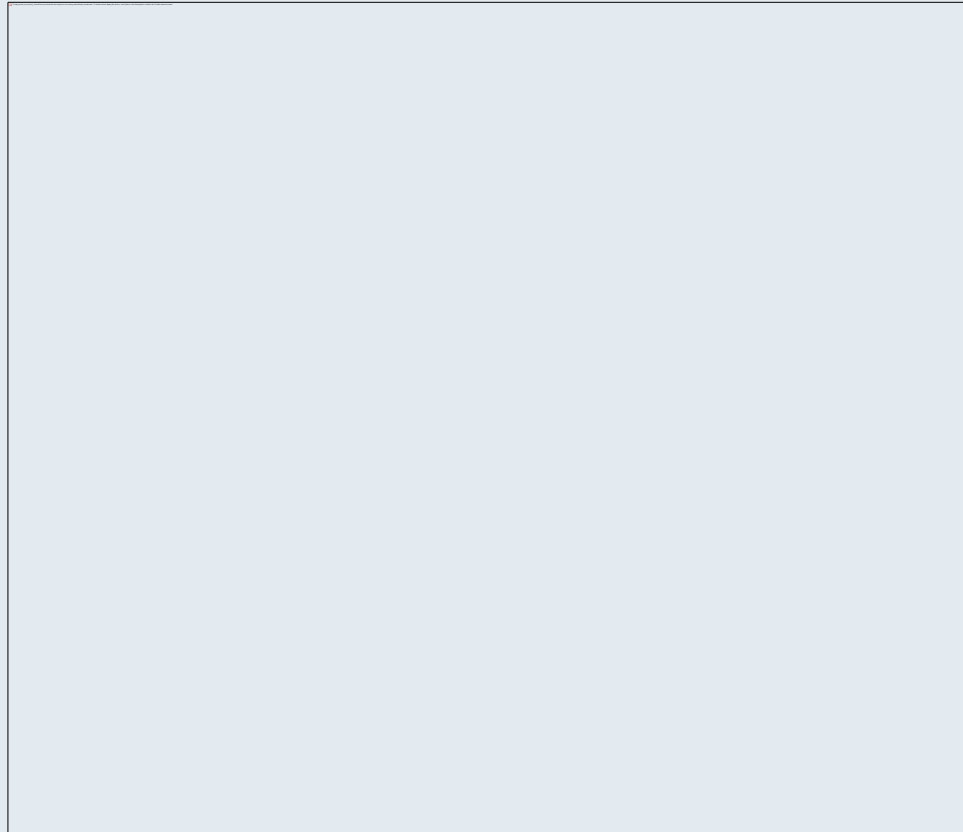


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RDN – ACCOR

2 and 3 Star hotel complex with office and street retail  
Metro Avtozavodskaya, Moscow



**The value of the investment to date is US\$25 millions including**

- Building & soft costs
- Utility connection costs
- Land use acquisition costs

**The total cost of the development is US\$ 83 millions, including VAT 18%**

**Remaining cost to complete is US\$58 Millions including VAT 18%**





## RDN – ACCOR

2 and 3 Star hotel complex with office and street retail  
Metro Avtozavodskaya, Moscow

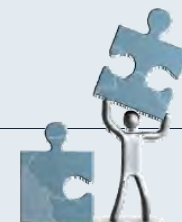


### Total cost distribution

All figures in US\$'000 incl. VAT	IBIS (216 keys)	ETAP (300 keys)	Retail & Office	Total	Completed	Remaining
<b>Building Cost</b>	16 006	15 375	8 865	40 246	5 160	35 086
<b>FF&amp;E</b>	3 348	2 700	-	6 048	0	6 048
<b>Utilities</b>	2 917	2 593	2 193	7 704	6 278	1 426
<b>Enclosed Parking</b>	2 377	3 301	4 154	9 832	3 691	6 141
<b>Land Cost + City Offices</b>	6 849	6 258	6 030	19 137	9 770	9 367
<b>Total Cost of Development</b>	<b>31 497</b>	<b>30 227</b>	<b>21 242</b>	<b>82 966</b>	<b>24 898</b>	<b>58 068</b>

Also in US\$'000

<b>Total Cost Per Key</b>	146	101	-	
<b>Total Cost per NLA</b>	3,84	4,03	3,95	
<b>Total VAT</b>	4 724	4 534	3 186	12 445





## RDN – ACCOR

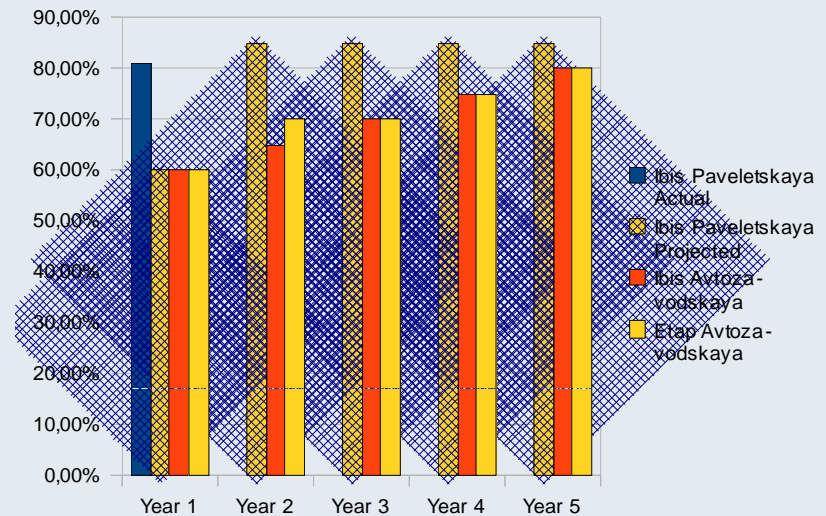
2 and 3 Star hotel complex with office and street retail  
Metro Avtozavodskaya, Moscow



### Project Return and Occupancy Rates

GOP First stabilized year (5):	13 795 US\$'000
Fixed charges:	1 550 US\$'000
NOI (Year 5):	12 244 US\$'000
ROI (Year 5):	14,0%
Debt/Equity Ratio:	60/40
Maturity of loan:	2+6 Years
Interest rate:	10% p.a.
Market CapRate after 7 years:	9%

**IRR on equity: 20,02%**





## RDN – ACCOR

### 2 and 3 Star hotel complex with office and street retail Metro Avtozavodskaya, Moscow



#### Funds:

<b>Equity</b>	<b>37 500</b>	<b>42,86%</b>
Existing	25 000	66,67%
Attracted	12 500	33,33%
Investment:	8 000	
Interest:	3 000	
Pre-opening & W/Capita	1 500	
<b>Loan</b>	<b>50 000</b>	<b>57,14%</b>
<b>Total Investment</b>	<b>87 500</b>	<b>100,00%</b>
Including		
Pre-opening & W/Capital	1 500	
Interest during construction	3 000	

IRR: 20,0 % ~ 27,0 %

#### Uses:

	Total	RDN	Partner	Loan
Land+Building+FF&E	83 000	25 000	8 000	50 000
Pre-opening & W/Capital	1 500		1 500	
Interest expenses	3 000		3 000	
<b>Total Investment</b>	<b>87 500</b>	<b>25 000</b>	<b>12 500</b>	<b>50 000</b>

#### Required Funds per quarter in US\$'000

Quarters	1	2	3	4	5	6	7	8	Total
Funds for development	1 000	1 000	6 000	9 500	9 500	9 500	9 500	12 000	58 000
<b>Attracted Equity</b>	<b>1 000</b>	<b>1 000</b>	<b>6 000</b>						<b>8 000</b>
<b>Loan</b>				9 500	9 500	9 500	9 500	12 000	50 000
Funds for interest (attracted)					250	500	750	1 500	3 000
<b>Funds for Start-up &amp; W/Capital</b>							750	750	1 500
<b>Total Funds</b>	<b>1 000</b>	<b>1 000</b>	<b>6 000</b>	<b>9 500</b>	<b>9 750</b>	<b>10 000</b>	<b>11 000</b>	<b>14 250</b>	<b>62 500</b>





## RHIC Investment Den - PROJECT



# The Development of a Multi-functional City Centre Hotel in Murmansk



**Alexander Gendelsman**

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*CEO*

AZIMUT Hotels Company



*Partnership for Success*



# AZIMUT Hotel Murmansk

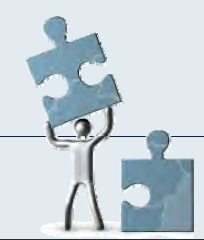
Reconstruction project







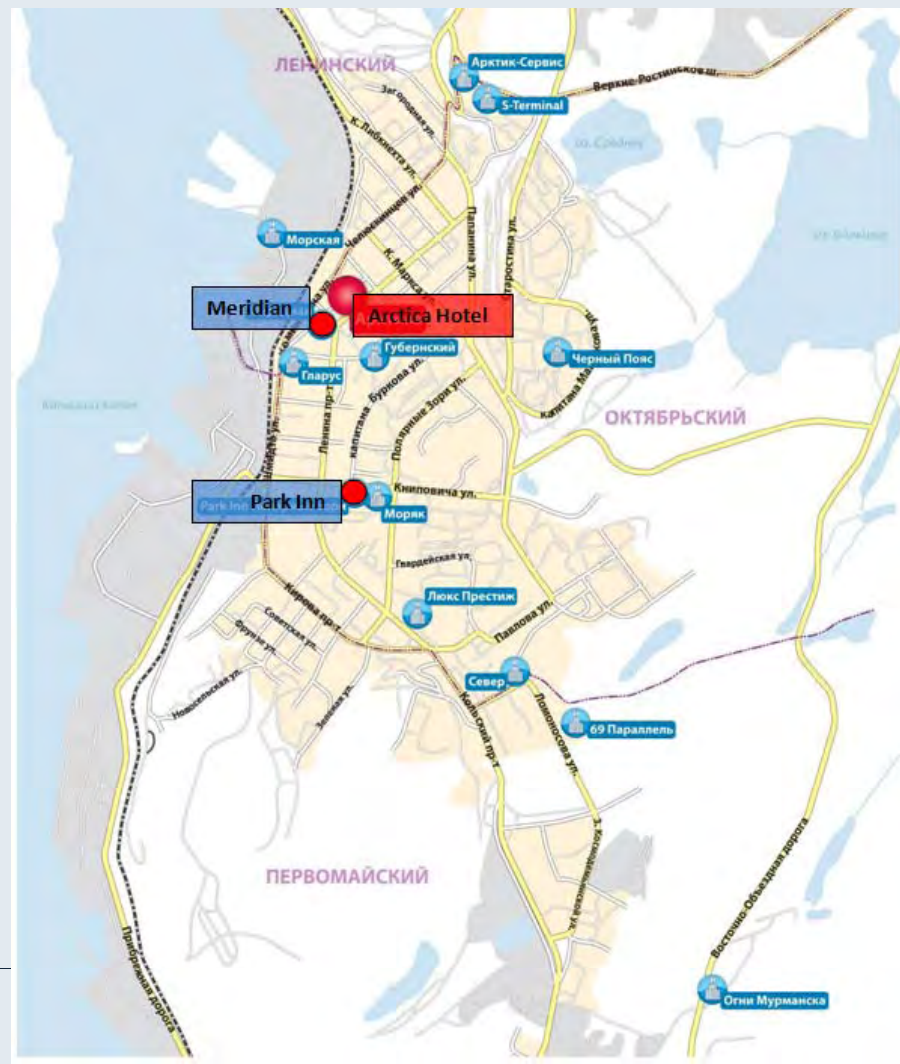
# Location map



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# Location map (Murmansk)



*Partnership for Success*

# The Hotel



- is located in the center of Murmansk.
- is a symbol of the city of Murmansk.
- is the tallest building above the Arctic Circle.





## Key reasons for the development



- The number of business tourists will increase significantly in the next two years. It is mainly concerned with the development of Shtokman field and with the comprehensive development of Murmansk Transport Hub.
- All Office buildings are full in the city. And those, that exists, are not modern, mostly consists of small rooms and cannot provide free space options. Murmansk is urgently needs big and quality office spaces.
- The current conference spaces are not big and not enough to provide the city needs. New conference hall and conference rooms could bring good profit to the investor.





## The result of the project



The reconstruction of **Arcitica Hotel** into **AZIMUT Hotel Murmansk** will provide over 29,000 sq. m area including:

- 252 hotel rooms;
- 52 apartments;
- office space (over 5,000 sq. m);
- street retail;
- conference zone (over 1,000 sq. m);
- 2 restaurants, bar and cigar room;
- night club;
- wellness centre.

AZIMUT Hotel Murmansk will operate under the control of AZIMUT Hotels Company





Parameter	Value
Total investments	\$ 51 753 612,50
Invested To Date 2010	\$ 200 000
Equity/Debt Ratio	14,2%
Investments needed	\$ 51 553 612,50
IRR	52,5%
Long-term worth	\$ 23 715 849





## Alexander Gendelsman

---

Director

AZIMUT Hotels Company

Tel/fax: +7 (495) 994-44-50

EMAIL: [agendelsman@azimuthotels.ru](mailto:agendelsman@azimuthotels.ru)



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## RHIC Investment Den - PROJECT



### Luxury Beach Resort Spa Hotel and Residences in Sochi



**Ma'Moun Al-Hunaidi**

---

*Director*

Tanmiya Management & Development Limited



*Partnership for Success*





*A First in Sochi and In Russia*



## CHERNOMORETZ PARK SPA HOTEL & RESIDENCES



*Sochi  
Krasnodar Region  
Russia*

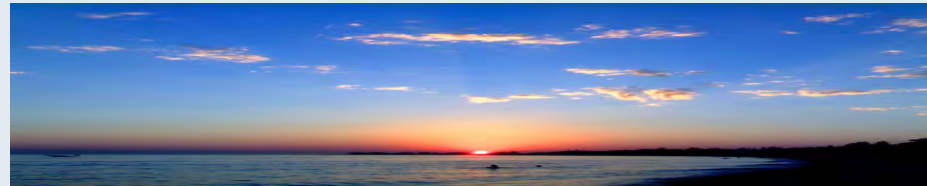


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*Location, location, location ..& LOCATION!!*

*Sochi: A Unique Traditional Destination In Russia*



*Only Summer Seaside Resort with Subtropical Climate in all of Russia*

*Traditional destination for medical and wellness tourism*

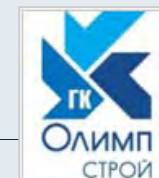
*Summer residence for Russian Leadership and State Guests*

*Traditional destination for training Russian sports teams in winter*

*Close to Krasnopolyana ski resort*

*Deficit in luxury class properties*

*An intensive State Investment program 2007-2020 in infrastructure and urban development in preparation for the Winter Olympic Games 2014 and the post-Olympic legacy*

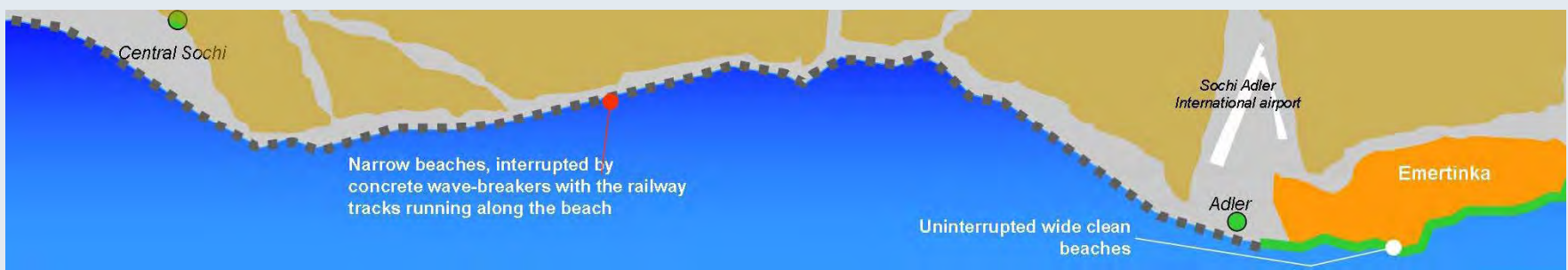


*Partnership for Success*

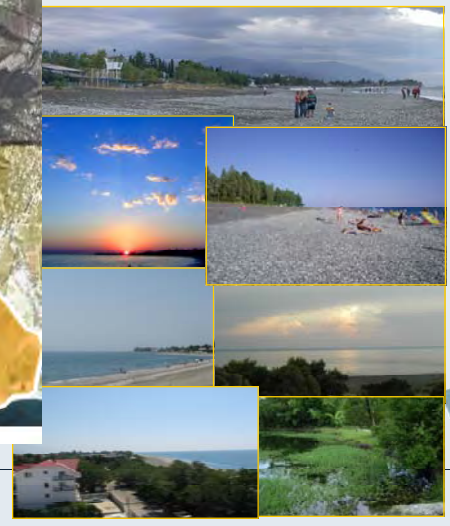


*Location, location, location ..& LOCATION!!*

*Emeritinka: A Unique Location in Sochi*



	<i>Central Sochi</i>	<i>Emertinka</i>
• Availability of the only wide beaches in all of Sochi's Sea Front	X	✓
• Seafront free from concrete wave breakers	X	✓
• Beach uninterrupted by rail	X	✓
• 10 minutes from Airport & Rail	X	✓
• 45 minutes from Krasno Polyana	X	✓
• Availability of land for tourist infrastructure	X	✓
• Absence of air and noise pollution	X	✓
• Clean countryside ecology	X	✓

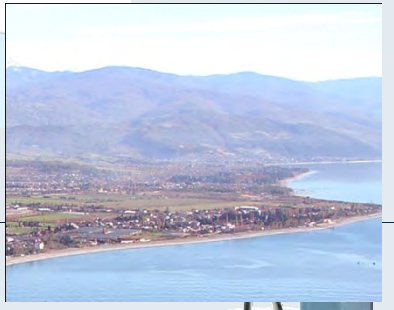
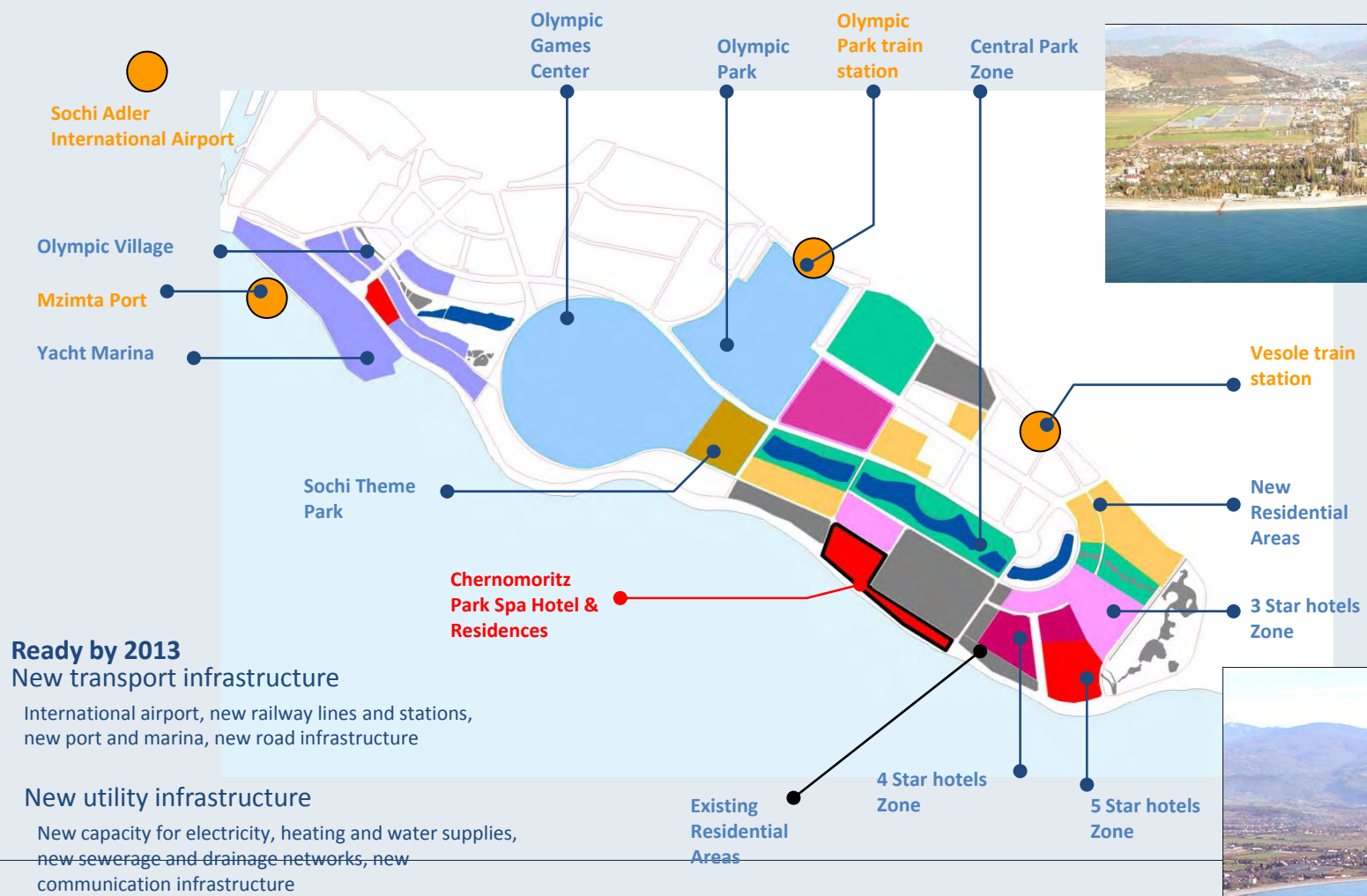


*Partnership for Success*



Location, location, location ..& LOCATION!!

Emeritinka: Hub of development for 2014 Winter Olympics

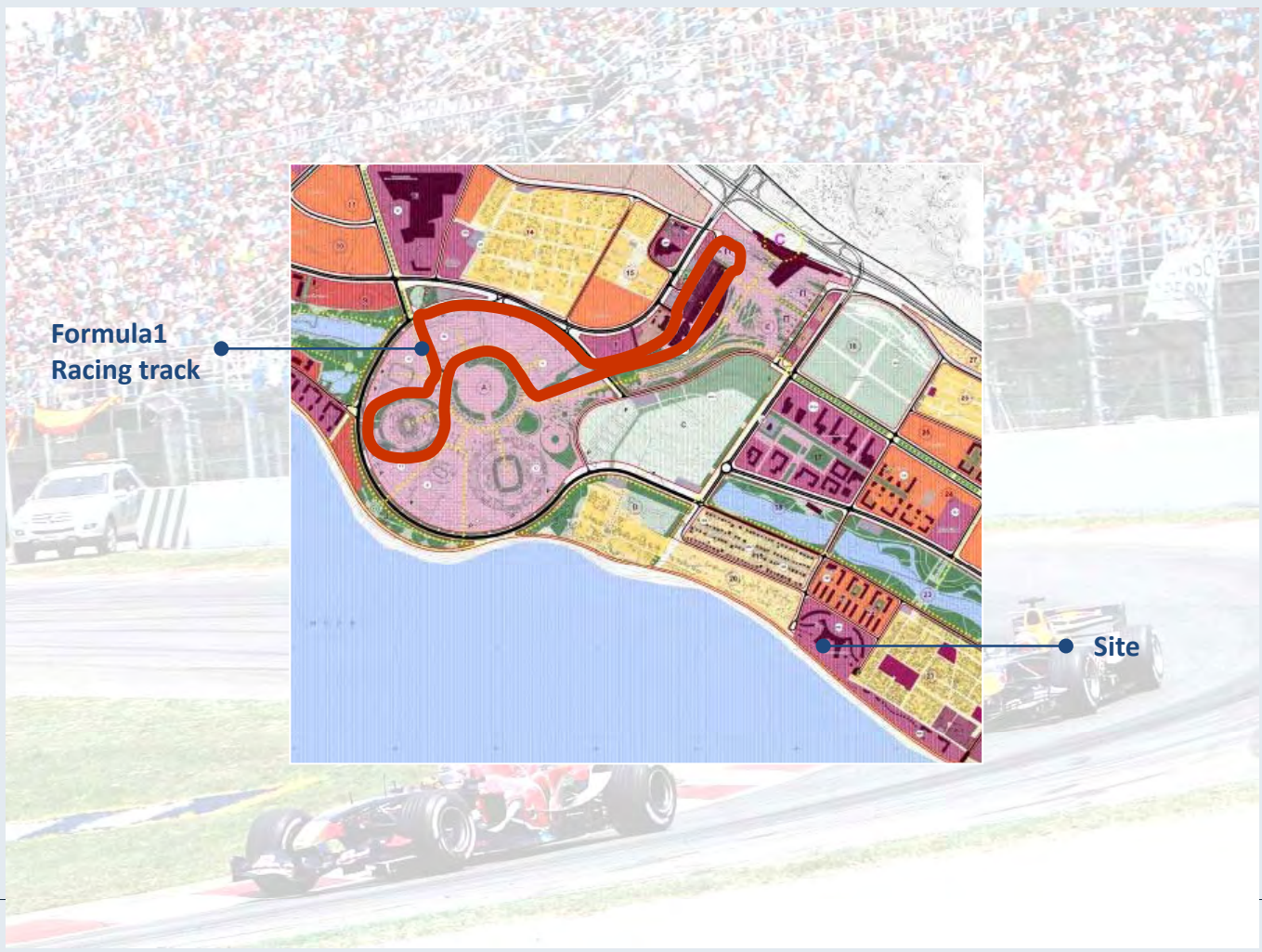


Partnership for Success



*Location, location, location ..& LOCATION!!*

*Site is within walking distance from the newly announced Russian Formula1 racing track in Emeritinka*



*Partnership for Success*



## THE CHALLENGES

*The Project to be completed ready for opening by  
January 1<sup>st</sup> 2014*



*Provide 800 Rooms of luxury international class for hosting  
the Sochi 2014 Olympics guests*

*Build a financially viable and sustainable project which will  
be a trend setter both in Sochi and in Russia as a whole*

*Maximize the potential benefits from the Olympic event and  
the post Olympic legacy for the project*

*Create the first purpose designed and built  
international luxury standard beach resort hotel and  
operator-managed residences in Sochi and in Russia*



*Partnership for Success*



## The Team

*A Team of TOP international professionals with proven record in Russia and worldwide*



*Architecture  
Interior Design  
Landscaping*

**WATG**

*Structural Engineering  
& Services*

**ARUP**

*Hospitality & Property  
Development*



*Cost Planning  
& Cost Control*



*Kempinski*

HOTELIERS SINCE 1897



*Partnership for Success*



**-An international standard Luxury class property**

**-A balance of Hotel and residences to achieve acceptable financial results**

**-Exploit maximally the site possibilities and in particular the 1 km beach frontage and the existing seaside park**

**-Employ up to date technology compatible with similar luxury seaside resorts worldwide**

**-Comfortable, relaxed “southern” style with hints of Russian romanticism**

**-Integration of architecture, Interior design, landscape and seascape**

**-Maximize off-season potential**

**-Target clients: affluent top 3% of Russian population with purchase power to own “third home”, estimated at 130,000 individuals**

**-Sustainable design, environmentally friendly and fully compliant with local and international safety and good practice regulations**







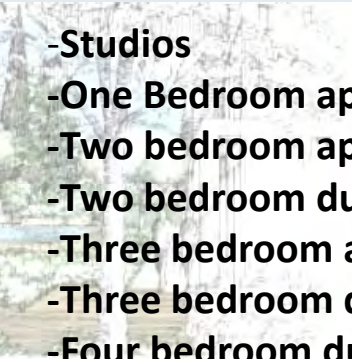
**Hotel 200 Keys Including**

- 150 Standard guestrooms (45 sqm)
- 48 Suites
- 2 Presidential suites with own entrance
- All day dining restaurant
- 3 specialty restaurants
- Conference /Banquet hall 600 people
- Spa/Gym 2000 SQM
- Half Olympic covered swimming pool
- Beach pools & lazy river
- Beach club
- Beach restaurant
- Sports & activity area
- Children zones
- Seaside café
- Retail outlets



**Residences 60 -330 SQM including:**

- Studios
- One Bedroom apartments
- Two bedroom apartments
- Two bedroom duplexes
- Three bedroom apartments
- Three bedroom duplexes
- Four bedroom duplexes
- Penthouses, 3 Bedrooms
- Penthouses, 4 Bedrooms
- Spa Villas
- Park Villas





*Architecture*  
*Hotel Front Elevation*



**NORTH ELEVATION**



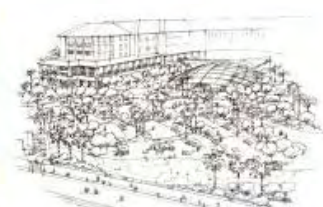
*Partnership for Success*



*Architecture*  
*Hotel Sea Font Elevation*



**SOUTH ELEVATION**



*Partnership for Success*



Architecture  
Hotel Apartments Elevation



ROOF LEVEL +28.0  
LEVEL 09 +24.5  
LEVEL 07 +21.0  
LEVEL 06 +17.5  
LEVEL 05 +14.0  
LEVEL 04 +10.5  
LEVEL 03 +7.0  
LEVEL 02 +3.5  
LEVEL 01 +0.0



SOUTH ELEVATION



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Architecture  
Villas



FRONT ELEVATION



BACK ELEVATION

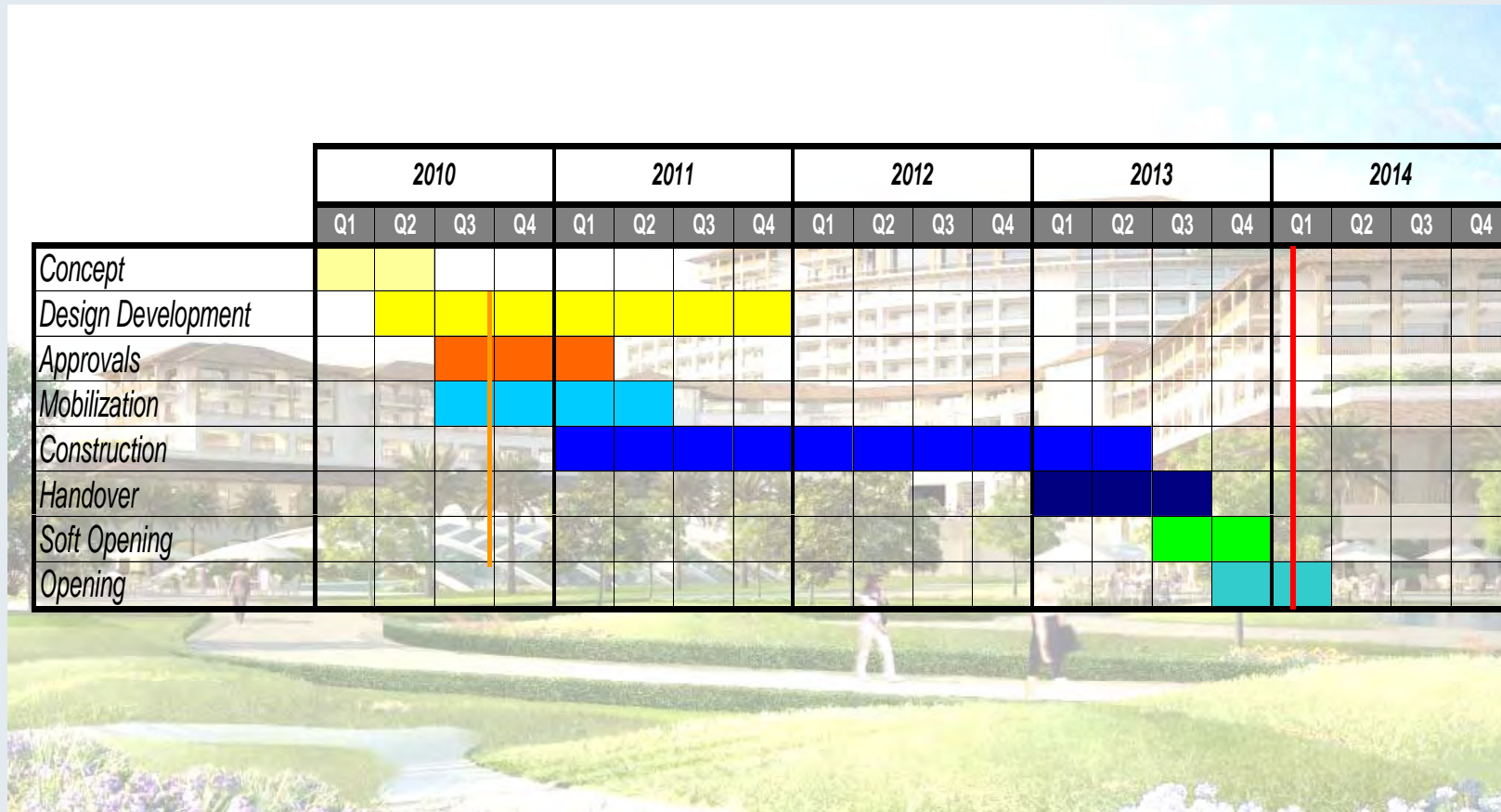


SIDE ELEVATION



SIDE ELEVATION







<b>Total Cost of Project</b>	<b>535,000,000 USD</b>
<b>Total areas</b>	<b>140,000 SQM</b>
<b>Capital (own funds)</b>	<b>160,000,000 USD (30%)</b>
<b>Required loan</b>	<b>375,000,000 USD</b>
<b>Invested to date</b>	<b>20,000,000 USD</b>
<b>Min. Anticipated Net worth</b>	<b>910,000,000 USD</b>
<b>IRR 23%</b>	
<b>NPV 33.2</b>	
<b>PBP 5 years</b>	
<b>DPBP 6 years</b>	



*So, why this project?*



- *Sochi is a unique traditional yet until recently neglected destination in Russia which has suffered from an obvious deficit in luxury properties.*
- *Sochi acquires an even higher value as destination through the intensive State Olympic investment program 2007-2020*
- *Sochi will be home for Russian Formula1 2014-2019*
- *Site is unique in Sochi as a whole and in Emeritinka in particular*
- *A one-off opportunity to acquire and develop ideal site for development at virtually no land cost. Project will NOT be viable if site is to be acquired at even depressed market value*
- *Development will be completed at exactly the right time to take maximum benefit from Sochi planned events in 2014 and afterwards*
- *Project designed and managed and to be operated by world-class professionals with excellent knowledge and experience in Russia*
- *Buy-back clause in investment agreement*







## Who Is Who



### Owners:

**JSC “Chernomoritz”**  
Sochi—Russian Federation



### Sole

### Shareholders:

**Attleborough Holdings Limited**  
Property Investment & Development



### Lead Investor:



### Owner’s Representative & Developer:



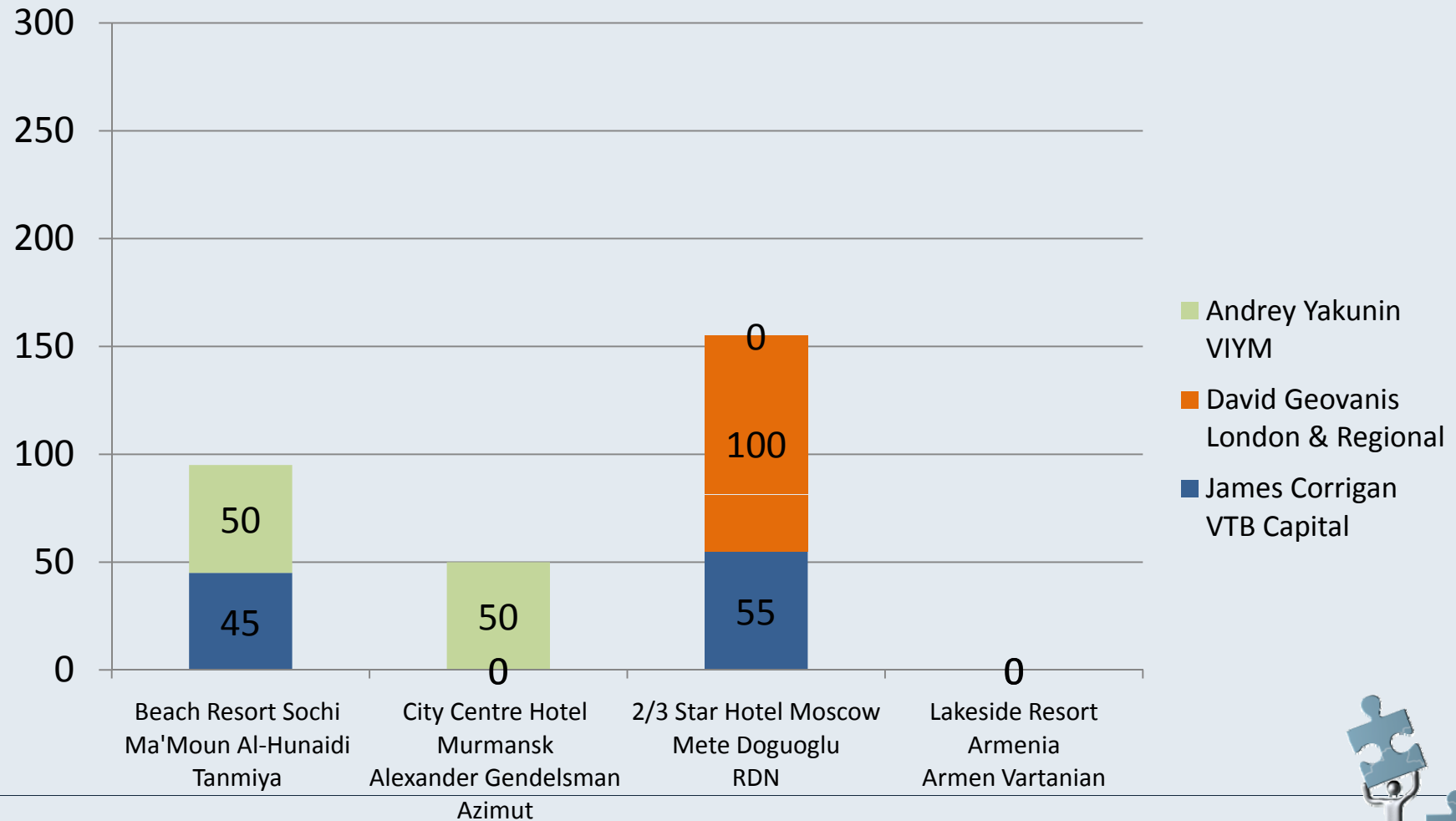
**Tanmiya Management & Development Limited**  
Project Managers For Property Investments  
Moscow Sochi St. Petersburg Amman Nicosia



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# INVESTMENT TOTALS



Partnership for Success



**LUNCH**



*Partnership for Success*